



**ASX / MEDIA RELEASE  
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## **CROWN ANNOUNCES 2010 FULL YEAR RESULTS**

**MELBOURNE: Crown Limited (ASX: CWN)** today announced its results for the full year ended 30 June 2010:

- Normalised<sup>1</sup> NPAT of \$288.4 million, up 2.7%
- Reported<sup>2</sup> NPAT of \$292.3 million, up 20.7%<sup>3</sup>
- Australian casinos achieved further growth:
  - normalised revenue growth of 5.9% to \$2,292.4 million
  - normalised EBITDA<sup>4</sup> growth of 6.1% to \$657.2 million
  - reported EBITDA growth of 7.3% to \$692.9 million
  - normalised EBIT growth of 4.8% to \$494.1 million
  - reported EBIT growth of 6.4% to \$529.8 million
  - main floor gaming generated revenue growth of 1.6%
  - VIP program play turnover of \$39.7 billion was up 14.1%
  - non-gaming revenue growth of 9.6% to \$483.4 million
- Final dividend of 19 cents per share announced (total full year dividend of 37 cents per share – representing 97% of normalised NPAT)

The Chief Executive Officer of Crown, Mr Rowen Craigie, said:

“Overall, the results for Crown’s wholly-owned Australian casinos, Crown Melbourne and Burswood, were reasonable. Our local casino operations were adversely impacted due to a softening in consumer sentiment and corporate hospitality spending and a greater than expected impact of refurbishment works at the two properties. Specifically, premium table revenue at Crown Melbourne and main floor gaming revenue at Burswood were impacted by major renovations.”

“VIP program play grew a solid 14.1% with revenue of \$536.0 million. However, the growth rate in VIP program play moderated in the second half with some initial impact being seen from the opening of the two new integrated resorts in Singapore.”

“Non-gaming revenue grew by 9.6%, benefiting from the opening of the Crown Metropolis hotel, as well as a number of new food and beverage outlets in Crown Melbourne.”

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<sup>1</sup> Normalised results represent results which have been adjusted to exclude the impact of any variance from theoretical win rate on VIP program play (see Attachments A and B for further information), the impact of significant items (where applicable), and pre-opening costs in respect of City of Dreams (where applicable).

<sup>2</sup> The difference between our reported NPAT of \$292.3 million and the normalised NPAT of \$288.4 million is due to an above theoretical win rate on VIP program play in Crown’s Australian casinos of \$25.0 million, partially offset by an adjustment to the equity accounted share of NPAT from Melco Crown Entertainment of \$21.1 million to exclude the impact of a below theoretical win on VIP play and City of Dreams pre-opening costs.

<sup>3</sup> Excludes impact of prior year significant items.

<sup>4</sup> EBITDA includes corporate costs of \$31.3 million.

“During the period, both Crown Melbourne and Burswood announced capital expenditure plans to expand and upgrade the properties. This capital expenditure is expected to further enhance Crown’s position as one of the leading operators of integrated resorts in the region. Crown expects these investments will be earnings and value accretive for shareholders.”

“We announced last year that our efforts over the next twelve months would be to focus on enhancing Crown’s Australian operations and to work closely with our joint venture partners to optimise the value of our Macau and other overseas investments. We have made progress on those fronts during the past year and this will continue to be our principal focus,” Mr Craigie said.

## **CROWN MELBOURNE**

Normalised EBITDA from Crown Melbourne was \$474.9 million, up 5.5% on the prior comparable period (pcp). Reported EBITDA for the period was \$540.7 million, up 13.3% on the pcp. The result reflects an above theoretical win rate of 1.66%, which generated a positive EBITDA variance of \$65.8 million, compared to a positive EBITDA variance of \$27.0 million in the pcp when the win rate was 1.48%.

Normalised revenue increased by 6.4% over the pcp to \$1,559.5 million and reported revenue increased by 9.7% to \$1,642.9 million.

During the year, main floor gaming revenue grew 2.5% to \$876.8 million and normalised VIP program play revenue increased 10.3% to \$363.5 million on turnover of \$26.9 billion.

The closure of the Teak Room for renovation has impacted premium table revenue from November 2009. This, coupled with a softening in consumer sentiment, caused main floor gaming revenue to be lower than anticipated. The upgrade of the Teak Room is well advanced and is expected to open progressively from October 2010.

Non-gaming revenue grew 13.5% to \$319.2 million benefiting from the opening of Crown Metropol in late March and the sale of surplus land for \$13.5 million which resulted in a profit of \$10.2 million. Non-gaming revenue was also assisted by a strong performance both in bars and premium restaurants as well as a recovery in the second half of the year in events and functions. Crown Towers hotel occupancy was 90.6% with an average room rate of \$298. Occupancy in Crown Towers improved following the completion of hotel refurbishments. Crown Promenade hotel occupancy was 88.9% with an average room rate of \$206. Following its successful launch late in the financial year, Crown Metropol achieved solid hotel occupancy. Market awareness of Crown Metropol is good and forward bookings are meeting expectations.

The previously announced capital expenditure program to facilitate the increase in table games, to expand and upgrade VIP facilities and to broaden the non-gaming offering will be a major focus. This will involve total capital expenditure of approximately \$440 million over the next 36 months and includes ongoing maintenance capital expenditure. This program is expected to maintain Crown Melbourne as a world class property capable of competing against the new integrated resorts in Macau and Singapore. The investment in growth capital expenditure will deliver benefits from F13 onwards and is expected to be earnings and value accretive for shareholders.

The overall operating margin decreased from 30.7% to 30.4%. The margin reduction was primarily due to a change in revenue mix (as a result of the increase in VIP program play relative to main floor gaming), as well as the impact of disruption on main floor premium table games.

## **BURSWOOD**

Normalised EBITDA from Burswood was \$213.6 million, up 2.4% on the pcp. Reported EBITDA for the period was \$183.5 million, down 11.8% on the pcp. The result reflects a below theoretical win rate of 1.08% which generated a negative EBITDA variance of \$30.1 million, compared to a negative EBITDA variance of \$0.5 million in the pcp when the win rate was 1.34%.

Normalised revenue increased by 5.1% over the pcp to \$732.9 million and reported revenue increased 0.3% to \$698.8 million.

During the year, main floor gaming revenue of \$396.2 million experienced a decline of 0.4% and normalised VIP program play revenue increased 23.2% to \$172.5 million on turnover of \$12.8 billion.

The replacement of the raised floor in the main casino caused disruption to central casino operations from November 2009, particularly table games. This, coupled with a softening in consumer sentiment, impacted

main floor gaming revenue. The replacement of the raised floor was completed at the end of April 2010. Since completion of this work, gaming revenue is slowly returning to more normal levels. The balance of the refurbishment on the main casino floor of the Burswood casino is due for completion in December 2010.

Non-gaming revenue grew 2.9% to \$164.3 million as a result of a strong performance in bars and restaurants, some improvement in business conventions and a good run of shows in the Dome and Theatre. However, the hotel business is still exhibiting softness. Hotel occupancy was 83.5% with an average room rate of \$232 at the InterContinental and 87.2% and \$181 respectively at the Holiday Inn.

Burswood has received in-principle support from the Western Australian Government to expand the existing casino complex to accommodate an increase in gaming product. This will include an increase in electronic gaming machines from 1,750 to 2,000 (250 additional machines) and an increase in gaming tables from 170 to 220 (50 additional tables).

Together with the refurbishments of the main casino floor and the InterContinental hotel already underway (and ongoing maintenance capital expenditure throughout the property), Burswood will undertake capital expenditure totalling approximately \$350 million over the next 36 months to create a property that can successfully compete against the new integrated resorts in the Asian region. This investment in upgrading and expanding the Burswood resort will deliver full benefits from F13 onwards and is expected to be earnings and value accretive for shareholders.

The overall operating margin decreased from 29.9% to 29.1%. The decrease was predominantly due to a change in revenue mix as a result of the growth in VIP program play and lower main floor gaming revenue growth, primarily as a consequence of refurbishment disruption.

## **CURRENT TRADING AT AUSTRALIAN CASINOS**

Trading across both properties for the period from 1 July, 2010 to 18 August, 2010 (7 weeks), relative to the pcp, saw main floor gaming revenue grow by approximately 4%. Non-gaming revenue grew by approximately 14%, principally due to the impact of Crown Metropol. VIP program play volumes have started the year encouragingly.

## **MELCO CROWN ENTERTAINMENT (“MCE”): Macau (33.4% interest)**

Crown's share of MCE's reported result for the year was an equity accounted loss of \$63.8 million. Crown's share of MCE's normalised result for the period was a loss of \$42.7 million, after adding back Crown's share of a below theoretical win rate variance and pre-opening expenses.

MCE recently announced that good progress has been made in the quarter to June 2010 at City of Dreams, with quarterly rolling chip volume increasing 24% sequentially. MCE also announced that it delivered a 9% sequential increase in mass market table games revenue in the same quarter. Altira Macau continues to perform better under its traditional VIP model and profitability has continued to benefit from the commission cap implemented in 2009.

MCE completed a US\$600 million issuance of eight year high yield bonds, the proceeds from which were used principally to reduce existing debt. MCE also negotiated favourable changes to its banking covenants.

The Macau gaming market has exhibited strong growth all through the 2010 financial year and this growth has continued with Macau gaming revenue up 70.3% year on year in July 2010.

## **OTHER INVESTMENTS**

**Betfair** - Crown's equity accounted share of Betfair's loss was \$5.7 million. The loss is primarily due to an increase in legal fees and product fees (the subject of the legal challenge in NSW). During the year, Crown made a further \$4.0 million loan to Betfair, thereby resulting in a total debt owed to Crown of \$11.7 million.

**Cannery** - In early 2010, Crown agreed to contribute a further \$20.6 million (US\$18.4 million) towards its investment in Cannery as part of Cannery's external debt refinancing. All shareholders of Cannery contributed further equity in order to reduce existing external debt. Crown contributed its pro rata share of the new equity. By participating in the equity investment, Crown has maintained its 24.5% ownership share in Cannery, which remains subject to Pennsylvania regulatory approval.

**Aspinalls** - Crown had previously provided debt facilities to Aspinalls which were drawn to £17.6 million (as at 30 June 2010). As part of a loan restructure, Crown agreed to provide additional loan facilities including a new

term loan of £6.0 million to the Aspinalls Group, a gaming guarantee facility of up to £10.0 million (which replaces Crown's existing gaming guarantee facility of £6.25 million) and a new loan facility of £1.6 million to the Aspinalls holding company.

In July 2010, the new term loan of £6.0 million was drawn by Aspinalls and was used to reduce existing bank debt, resulting in a total debt owed to Crown of £23.6 million.

## **CASHFLOW AND DEBT**

Operating cash flow for the period was \$467.5 million. After net capital expenditure of \$342.5 million (principally the construction of Crown Metropol) and dividend payments of \$278.4 million, total group debt was \$847.3 million as at 30 June 2010. Total cash and cash equivalents for the period was \$196.4 million, which consisted of cash maintained for working capital purposes of \$126.7 million, with the balance of \$69.7 million available for other purposes. Net debt, excluding working capital cash, at 30 June 2010 stood at \$777.6 million with no significant debt refinancing requirements until August 2011.

At 30 June 2010, total liquidity, excluding working capital cash of \$126.7 million, was \$1,355.9 million, represented by \$69.7 million in available cash and \$1,286.2 million in committed undrawn facilities. Undrawn bank facilities of \$799.2 million and US\$127.9 million were cancelled during the period.

## **CORPORATE COSTS**

Corporate costs of \$31.3 million were \$8.1 million or 20.6% below last year, largely due to a number of non-recurring costs that arose in the F09 year and cost savings achieved in the F10 year.

## **INTEREST EXPENSE**

Total net interest for the full year was \$73.0 million, which is an increase (excluding significant items) of \$45.1 million on the pcp, primarily due to decreased interest income from funds on deposit and related party interest.

## **DIVIDEND**

Crown is announcing a final dividend on ordinary shares of 19 cents per share, franked to 60%, payable to shareholders registered at 5.00pm on 1 October 2010. No part of the unfranked portion of the dividend will consist of conduit foreign income. The dividend will be paid on 15 October 2010. This represents a full year dividend of 37 cents per share.

In future and in line with the previously announced dividend policy, Crown intends to pay the higher of 37 cents per share or 65% of NPAT as the full year dividend.

## **ENDS**

Media & Analyst Enquiries – Ken Barton, Chief Financial Officer, 03 9292 8824.

## **COPIES OF RELEASES**

Copies of previous media and ASX announcements issued by Crown are available at Crown's website at [www.crownlimited.com](http://www.crownlimited.com)



**CROWN GROUP RESULT  
Twelve Months ended 30 June 2010**

Normalised Results <sup>(1)</sup>			Actual Results			
12 mths ended June 2009	12 mths ended June 2010	% movement on Normalised		12 mths ended June 2009	12 mths ended June 2010	% movement on Actual
\$ M	\$ M			\$ M	\$ M	
<u>2,163.7</u>	<u>2,292.4</u>	5.9%	OPERATING REVENUE	<u>2,195.1</u>	<u>2,341.7</u>	6.7%
619.6	657.2	6.1%	EARNINGS BEFORE INTEREST, TAX & DEPRECIATION	646.0	692.9	7.3%
<u>(148.0)</u>	<u>(163.1)</u>		Depreciation & Amortisation	<u>(148.0)</u>	<u>(163.1)</u>	
471.6	494.1	4.8%	EARNINGS BEFORE INTEREST & TAX	498.0	529.8	6.4%
<u>(27.9)</u>	<u>(73.0)</u>		Net Interest Income / (Expense)	<u>(27.9)</u>	<u>(73.0)</u>	
443.7	421.1	(5.1)%	PROFIT BEFORE TAX	470.1	456.8	(2.8)%
<u>(94.1)</u>	<u>(84.3)</u>		Taxation	<u>(102.0)</u>	<u>(95.0)</u>	
349.6	336.8	(3.7)%	PROFIT AFTER TAX	368.1	361.8	(1.7)%
<u>(68.9)</u>	<u>(48.4)</u>		Equity Accounted Profit / (Loss) <sup>(2)</sup>	<u>(125.9)</u>	<u>(69.5)</u>	
<u>280.7</u>	<u>288.4</u>	2.7%	NET PROFIT BEFORE DISCONTINUED OPERATIONS	242.2	292.3	20.7%
			Discontinued operations and non recurring items	<u>(1,440.1)</u>	<u>0.0</u>	
			NET PROFIT / (LOSS)	<u>(1,197.9)</u>	<u>292.3</u>	

(1) Adjusted to show underlying NPAT, ie. excluding the impact of the above theoretical win rate on VIP Program Play of \$25.0 million (\$35.7 million pre tax less income tax of \$10.7 million) in 2010 and the above theoretical win rate of \$18.5 million (\$26.4 million pre tax less income tax of \$7.9 million) in 2009. The theoretical win rate is calculated at 1.35% in both years.

(2) Normalised results include an adjustment to equity share of earnings from Melco Crown to exclude the impact of a below theoretical win rate on VIP Play and pre-opening costs. The prior year adjustment also included the impact of a below theoretical win rate on VIP Play and pre-opening costs.



**CROWN DIVISIONAL RESULTS**  
**Twelve Months ended 30 June 2010**

Normalised Results <sup>(1)</sup>				Actual Results		
12 mths ended June 2009	12 mths ended June 2010	% movement on Normalised		12 mths ended June 2009	12 mths ended June 2010	% movement on Actual
\$ M	\$ M			\$ M	\$ M	
			REVENUE			
2,163.7	2,292.4	5.9%	Gaming	2,195.1	2,341.7	6.7%
0.0	0.0	NA	Corporate	0.0	0.0	NA
<u>2,163.7</u>	<u>2,292.4</u>	5.9%		<u>2,195.1</u>	<u>2,341.7</u>	6.7%
			EXPENDITURE			
1,504.7	1,603.9	6.6%	Gaming	1,509.7	1,617.5	7.1%
39.4	31.3	(20.6)%	Corporate	39.4	31.3	(20.6)%
<u>1,544.1</u>	<u>1,635.2</u>	5.9%		<u>1,549.1</u>	<u>1,648.8</u>	6.4%
			EBITDA			
659.0	688.5	4.5%	Gaming	685.4	724.2	5.7%
(39.4)	(31.3)	(20.6)%	Corporate	(39.4)	(31.3)	(20.6)%
<u>619.6</u>	<u>657.2</u>	6.1%		<u>646.0</u>	<u>692.9</u>	7.3%
30.5%	30.0%		GAMING EBITDA / REVENUE	31.2%	30.9%	

(1) Adjusted to show underlying EBITDA; ie. excluding any variance from the theoretical win rate on VIP Program Play at Crown and Burswood, with theoretical win rate calculated at 1.35% for both years.